STANLIB Multi-Manager

Investment Policy

STANLIB
MULTI-MANAGER

Investment Policy overview

Scope

This policy document governs various STANLIB Multi-Manager ("SMM") investment-related matters, including; proxy voting, shareholder activism, and ESG (environmental, social and governance). These policies will apply where investments are made directly by the funds managed by us, and where investments are made indirectly through sub-advisors (asset management companies) appointed by us to manage certain mandates on behalf of funds managed by us.

These policies cannot apply where investments are made through other pooled vehicles where no mandate is given to the underlying asset managers i.e. where we invest in their pooled vehicles alongside many other investors. We will however, in these cases, consider those companies' investment policies. This policy document will be considered annually by the SMM Investment Committee and reviewed and reapproved in full every three years by the SMM Executive Committee (both committees having initially approved this document).

Other investment related matters not covered in this document will be considered from time to time and included in this document once a related policy has been established i.e. this policy document represents all investment related matters where we have established a policy, and not all matters we have considered

Principles

The following key principles underpin this policy document:

- We will always attempt to establish policies that are in the best interest of our investors.
- These policies will also comply with all relevant regulation and legislation.
- We promote full disclosure and transparency around our policies, and the actions and outcomes that result directly from these.

We are a long-term institutional investor and a 'universal' owner. For these reasons we regard investment governance and active ownership of importance in serving the interests of our investors. This policy, and the actions governed by this policy, represents our commitment to industry standards of good governance. Our investment governance approach has four main components.

Shareholder activism

Corporate engagement means to have discussions with a company, usually at Board or at least senior management level, with the objective of changing the behaviour or the policies of that company. This will generally occur when we or our managers have identified underperformance by a company, or where the company has failed to meet accepted corporate practice or where the company's conduct places in doubt the reputation and value of the company. The issues addressed may focus on material environmental, social and governance (ESG) factors or business strategy issues – for example, mergers and acquisitions, capital structure and capital allocation, or remuneration policies. In general, these discussions will be conducted on a confidential basis to encourage trust and openness thereby increasing the likelihood of beneficial change and unlocking long-term value for our investors.

The primary responsibility for this is outsourced to our managers as they have selected the shares to invest in and assume the responsibility of extracting the maximum value from these shares by ensuring that they engage with management that are not focussed on maximising long-term shareholder value (in their opinion).

Proxy voting

We consider the voting rights assigned to shares to be a significant part of the value attached to shares. The price difference between shares with and without voting rights (with all else being equal) is evidence to this. We also see scrip lending for the purpose of voting as another sign of the value attached to voting rights. Some of that value is extracted at regular company AGMs (annual general meetings), while other value is extracted at times of shareholder activism related corporate actions. We therefore require that these rights are considered and exercised, in order to extract the value associated with them.

As a multi-manager, we delegate (in most instances) the selection of individual securities, to the underlying managers that we select to execute the specific mandate awarded to them. Part of the responsibility of mandating the manager to select securities, includes the voting on those securities i.e. it is the managers that have made the decision to invest in a security, and it is therefore their responsibility to ensure that they maximise the value extracted from that security, to the benefit of the shareholder of that security i.e. our fund and inter-alia, our investors. It is important to understand that we do not support having a disconnect between the decision makers when purchasing a share, and the voting on that share, as the right to vote may have been part of the decision to invest.

We are not concerned that two of our managers in the same fund, vote opposite to each other on the same resolution. This may seem at odds but is in fact consistent with allowing our managers to invest in and divest from shares as they wish i.e. with no outside influence or consideration. In this way, they remain completely accountable for their portfolio performance, including the outcomes of their votes.

When and/or where there is a very important issue that requires a coordinated effort to stop or support a resolution, we may consider voting consistently across all shares held in the name of all our funds and/or investors, across all of our managers. Ultimately the decision to undertake a coordinated vote (or super vote) is based on our view of what is in the long-term interests of our investors collectively (not any single individual / institution). In determining such votes, we may consult or managers and third-party advisors, and may consider best practice guidelines and information on governance standards.

Environmental, Social and Governance (ESG)

ESG integration is the practice of incorporating environment, social and governance factors into the investment process.

- Environmental considerations are those which seeks to protect and preserve the physical environment in which we live;
- Social considerations are those that impact the wellbeing and development of people; and
- Governance considers are those that affect the way we run a sustainable business.

We break up governance into three components as follows:

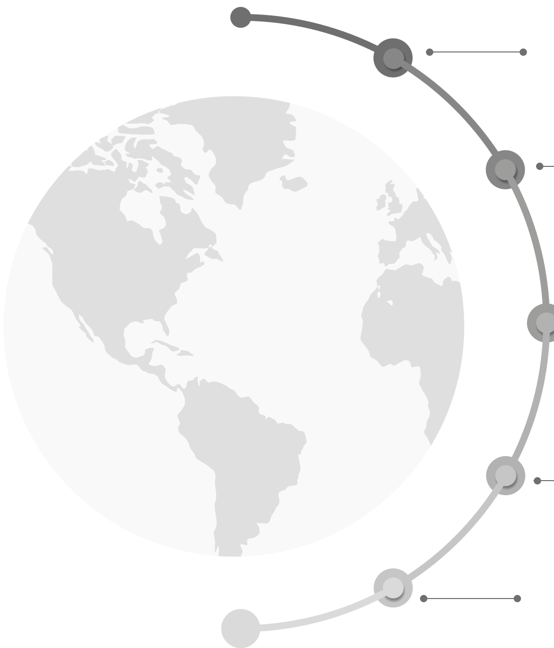
1. The first component is governance factors of the underlying managers that are included in our portfolios. Managers must consider environment, social and governance factors in the running of their companies.
2. The second component is governance in the investment process of the asset managers.
3. The third component is how we incorporate governance factors into our investment process.

Code for Responsible Investment South Africa (CRISA)

As part of our strategy for responsible investing, we endorse the Code for Responsible Investment South Africa (CRISA) which is composed of five voluntary principles that give guidance on how South African institutional investors should execute investment analysis and investment activities to increase engagement and promote governance.

CRISA came into effect in February 2012, has been structured to correlate with United Nations Principles for Responsible Investing (UNPRI) which is the overarching global framework on ESG issues in investment and ownership decision-making practices. In contrast with CRISA which requires companies to endorse the code, companies become formal signatories of UNPRI as it aims to support its international network of investors.

CRISA applies to institutional investors such as pension funds and insurance companies as the owners of assets, as well as their service providers including asset managers and consultants. The code aims to promote managers to ask the right questions and to select responsible custodians for their investments. The five key CRISA principles are as follows:



- *To incorporate sustainability considerations, including ESG into investment analysis and investment activities as part of the delivery of superior risk-adjusted returns to the ultimate beneficiaries;*
- *To demonstrate acceptance of ownership responsibilities in investment arrangements and investment activities;*
- *To consider a collaborative approach to promote acceptance and implementation of the principles of CRISA and other codes and standards applicable to institutional investors;*
- *To recognise the circumstances and relationships that hold a potential for conflicts of interest and to proactively manage these when they occur; and*
- *To be transparent about the content of policies, how the policies are implemented and how CRISA is applied to enable stakeholders to make informed assessments.*

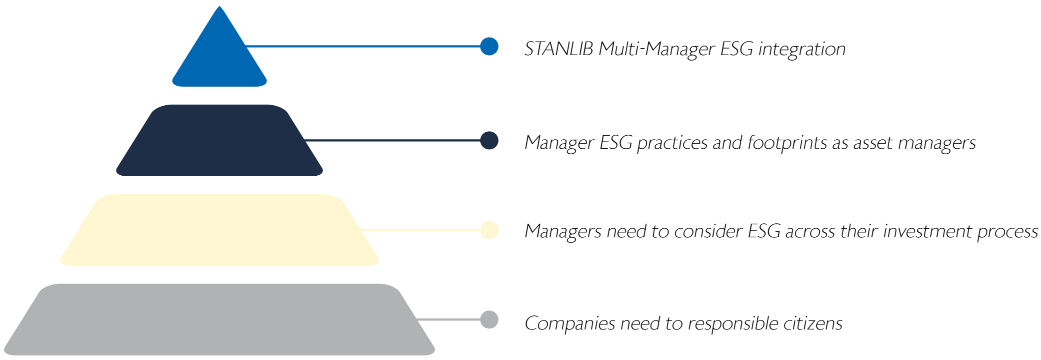
Our endorsement of the CRISA Code commits us to providing annual disclosure on how the above-mentioned principles are applied at STANLIB Multi-Manager.

STANLIB Multi-Manager ESG integration

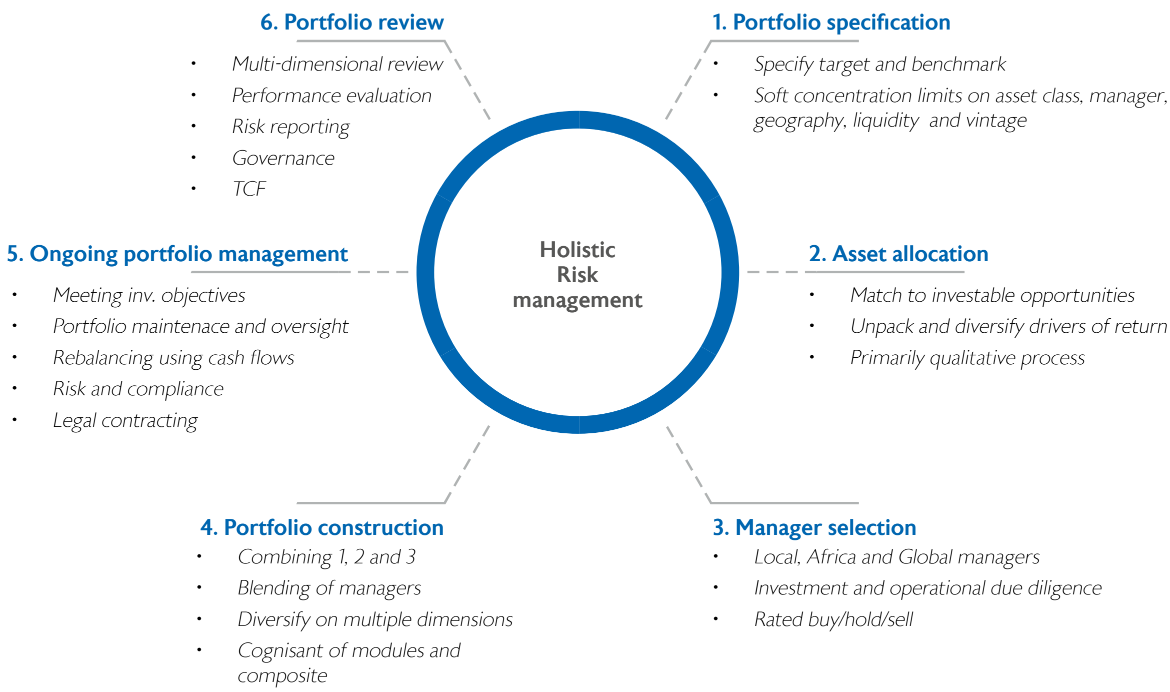
At STANLIB Multi-Manager, we recognize the value of companies focusing on the triple bottom-line, and how this value translates into higher returns for shareholders. We also recognise that there are sometimes benefits that accrue indirectly through the positive impact on the broader economy, environment and society. These benefits may not be directly measurable but they are nevertheless real. Therefore, as part of our commitment to responsible investing, we consider the risks and opportunities arising from the incorporation of ESG factors into our investment process and that of the asset managers we invest in.

The integration of ESG into our investments happens at four levels:

1. At the highest level, we need to integrate ESG into our own investment philosophy and process, as well as our own ESG practices and footprint as a financial service provider. The former means we need to ensure that our asset managers are good corporate citizens and have integrated ESG into their investment philosophies and processes; and the latter means that we ourselves need to behave as good corporate citizens (in addition to our fiduciary responsibilities).
2. At the second level, the managers we invest in must consider their own ESG practices and footprints as asset managers.
3. At the third level, our managers must integrate ESG into their investment philosophy and process (e.g. in the companies they analyse).
4. At the fourth level, the individual companies in which we invest must consider their own ESG practices and footprint.



Our current investment process shown in the diagram below incorporates ESG factors into the Manager Research and Operational Due-Diligence Processes, with a robust overall Investment Governance Framework.



Manager Research

The manager research process is aimed at producing a high conviction manager "buy list" for use in the portfolio construction process. The process involves two distinct but highly integrated components. The first is quantitative in nature and focused initially on analysing individual portfolio returns, holdings and other important portfolio attributes derived from this information. The second is the qualitative component, which involves due diligence questionnaires and meetings with managers to assess their investment philosophy, process, people, and the physical environment within which they operate (which we refer to collectively as philosophy and process), in the context of their past performance.

As part of our underlying manager due diligence, we inquire about the asset manager's process for integrating ESG into their investment process. We have created a survey that each of our managers is required to complete in order to facilitate this process. The STANLIB Multi-Manager manager research questionnaire is made up of a set of standardised questions that allow for both qualitative and quantitative assessment of managers. It has been created within a framework that will assist us with final manager selection, help us identify with which manager we need to engage with more, and help us monitor the evolution of managers over time. A snapshot of the questionnaire is provided for in the appendix of this document. It is important to note that not being a signatory and endorsee of UNPRI and CRISA does not preclude managers from being selected.

Operational Due Diligence

The Operational Due Diligence focuses on the governance of the asset management company being assessed. This includes understanding their compliance, risk management and operations which includes understanding possible conflicts of interest, proxy voting process and commitment of management to the ESG standards that are set by the company.

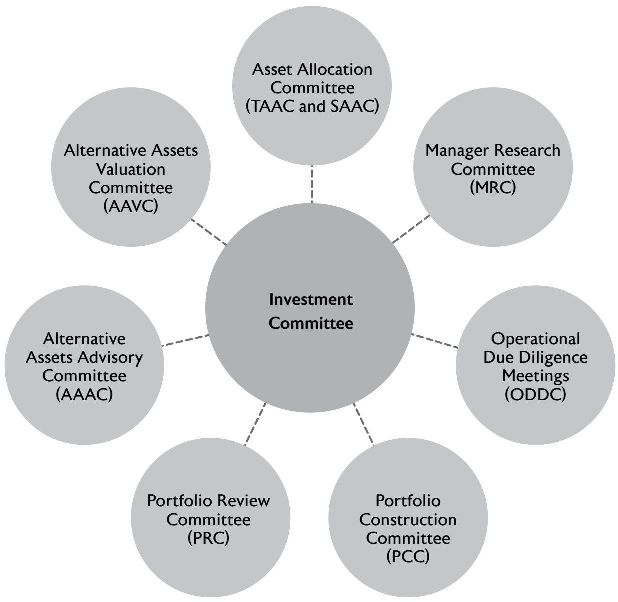
Investment Governance Framework

STANLIB Multi-Manager has a robust Investment Governance Framework in addition to strong business governance.

The Framework starts with the Portfolio Specification phase of our investment process. During this phase, Clients objectives and constraints of the portfolio that is to be constructed is clearly defined. This effectively captures the mandate definition of the client. This mandate is captured in the Portfolio Management Guidelines (PMGs) which is a succinct manner of capturing and communicating all the parameters of a portfolio. This forms part constructing the governance of how the portfolio will be managed. The guidelines are reviewed as and when necessary to ensure they capture the latest changes that have been made to the portfolios and are communicated to stakeholders as and when required.

The second critical component of the Framework is Portfolio Review which includes the ongoing review the portfolios, as well as all the underlying components. A separate high-level governance and risk management overview ensures that portfolios are meeting their competing investment objectives. Portfolios are reviewed along many different dimensions but always back to the portfolio management guidelines (PMGs) that were constructed in the portfolio specification phase.

The Investment Governance Framework also entails governance committees where each committee meeting happens at least quarterly. The diagram that follows provides a snapshot of the key governance committees within STANLIB Multi-Manager as it relates to decision making.



We are committed to responsible investing and therefore ESG factors must be considered. However, it is important to note that ESG considerations are a feature in the overall investment process and managers are not selected or rejected solely on this basis.

Legal notices

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